



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

Scott Hirschi
Director

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September 7, 1995

John Holfert
Utah Mineral and Fossil Incorporated
997 North Chapel Drive
Bountiful, Utah 84010

RE: Utah State Gemstone Fossil Leases ML- 33042 & ML-33388
T12S, R11S, SLB&M., Section 16, NW $\frac{1}{4}$ SE $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$

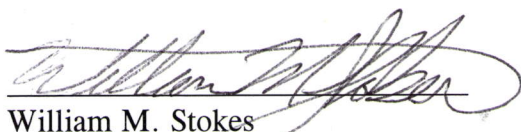
Dear Mr. Holfert:

On July 17, 1995, members of the staff of the School and Institutional Trust Lands Administration (SITLA) and the Division of Oil Gas and Mining conducted an inspection of your Topaz mining operations on the above referenced leased lands. The purpose of the inspection is to insure that your mining operation is in compliance with the terms of the lease agreement and other rules and regulations that govern mine related disturbances on State trust lands.

Your Notice to Commence Small Mining Operations dated June 14, 1995, identified areas within the mine site that are to be reclaimed and areas that are to remain as active mining areas. As of the date of the inspection there appeared to be no ongoing reclamation and area of active mine disturbance, including the access road across State trust lands, exceeds the allowable area of disturbance under your present reclamation bond. SITLA presently holds cashiers check # 281868 for the amount of \$ 2,000.00. The present area of disturbance, including those areas that are identified in you NOI as being areas to be reclaimed in 1995, is calculated to be 1.35 acres.

To be in compliance with the terms of the lease agreement you are required to submit an additional reclamation bond in the amount of \$ 5,000.00 to cover an additional acre of disturbance. Failure to comply with this request, within the next 30 days, will be a violation of the terms of the lease agreement and could result in cancellation of the lease, forfeiture of your present bond and prohibit you from future exploration or mining on State lands.

Sincerely,



William M. Stokes
Mineral Resources Specialist

